



General Assembly

January Session, 2007

Raised Bill No. 7064

LCO No. 3746

03746_____INS

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

AN ACT CONCERNING SPECIAL HEALTH CARE PLANS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (b) of section 38a-565 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2007*):

4 (b) (1) Within ninety days after approval by the commissioner of
5 special health care plans submitted by the board, every small employer
6 carrier shall, as a condition of transacting such business in this state,
7 offer small employers a special health care plan, provided no small
8 employer carrier may be required to offer a special health care plan to
9 a small employer with ten or fewer eligible employees, the majority of
10 whom are low-income eligible employees. Such employers may
11 purchase a special health care plan from the Health Reinsurance
12 Association pursuant to section 38a-570. Small employer carriers that
13 do not offer special health care plans to such employers shall refer
14 those employers to the Health Reinsurance Association. Except as
15 provided in subdivision (2) of this subsection, every small employer
16 which elects to be covered under a special health care plan and agrees
17 to make the required premium payments and to satisfy the other

18 provisions of the plan shall be issued such a plan by the small
19 employer carrier or the Health Reinsurance Association, as the case
20 may be.

21 (2) No small employer may be eligible to purchase a special health
22 care plan unless such employer had maintained no health insurance
23 coverage for its employees at any time during the one-year period
24 ending on the date of application for such policy. No small employer
25 may purchase a special health care plan for more than ~~[three]~~ five
26 years. No small employer may use a special health care plan for more
27 than a single five-year period.

28 [(3) No special health care plan may be sold with an initial effective
29 date of January 1, 1995, or later.]

30 [(4)] (3) In addition to any other requirements related to the
31 establishment of premiums for special health care plans issued by
32 small employer carriers to small employers, (A) the anticipated loss
33 ratio shall not be less than ~~[seventy-five]~~ eighty-five per cent of the
34 premium, and (B) small employer carriers shall file annually by the
35 end of March of each year information with the Insurance Department
36 with respect to such plans for the prior calendar year including the
37 number of plans issued, the anticipated loss ratio, the premiums
38 earned, the paid and estimated outstanding claims, expenses charged,
39 and such other information as the commissioner deems necessary to
40 assure compliance with subparagraph (A) of this subdivision.

41 [(5)] (4) A health care center shall not be required to offer coverage
42 or accept applications pursuant to subdivision (1) of this subsection in
43 the case of any of the following: (A) To a group, where the group is not
44 physically located in the health care center's approved service area; (B)
45 to an employee, where the employee does not work or reside within
46 the health care center's approved service area; (C) within an area
47 where the health care center reasonably anticipates, and demonstrates
48 to the satisfaction of the commissioner, that it will not have the
49 capacity within that area in its network of providers to deliver services

50 adequately to the members of such groups because of its obligations to
 51 existing group contract holders and enrollees; (D) where the
 52 commissioner finds that acceptance of an application or applications
 53 would place the health care center in an impaired financial condition;
 54 or (E) to groups of fewer than three eligible employees, where the
 55 health care center does not utilize preexisting condition provisions in
 56 the plans it issues to any small employers. A health care center that
 57 refuses to offer coverage pursuant to subparagraph (C) of this
 58 subdivision may not, for ninety days after such refusal, offer coverage
 59 in the applicable area to new cases of employer groups with more than
 60 twenty-five eligible employees.

61 [(6)] (5) A small employer carrier shall not be required to offer
 62 coverage or accept applications pursuant to subdivision (1) of this
 63 subsection subject to the following conditions: (A) The small employer
 64 carrier ceases to market health insurance or health benefit plans to
 65 small employers and ceases to enroll small employers under existing
 66 health insurance or health benefit plans; (B) the small employer carrier
 67 notifies the commissioner of its decision to cease marketing to small
 68 employers and to cease enrolling small employers, as provided in
 69 subparagraph (A) of this subdivision; and (C) the small employer
 70 carrier is prohibited from reentering the small employer market for a
 71 period of five years from the date of the notice required under
 72 subparagraph (B) of this subdivision.

This act shall take effect as follows and shall amend the following sections:

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| Section 1 | October 1, 2007 | 38a-565(b) |
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Statement of Purpose:

To prohibit small employers from purchasing a special health plan for more than five years in lieu of three years; to prohibit such employers from using such plan for more than a single five-year period; to eliminate the provision prohibiting such plan from being sold with an effective date of January 1, 1995, or later; and to increase the minimum

anticipated loss ratio from seventy-five to eighty-five per cent of the premium.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]